It gives me great pleasure to attend this first ministerial conference of the Contracting Parties to the General Agreement on Tariffs and Trade and to state the views of the Japanese Government regarding the GATT which today stands as a guiding principle for the trade policy of Japan.

We cannot appreciate too fully the great contribution made by the GATT towards the development of the postwar world trade by reducing tariffs and other trade barriers and also by eliminating discriminatory treatment in international commerce. However, it seems to me that there still lie considerable difficulties ahead of the GATT in promoting the international trade. I attach great importance to the present Session because it provides a good opportunity to find the means of overcoming these difficulties. It is my sincere hope that this Session will make a further stride in the direction of realizing the ideals of the GATT.

I would like to draw your attention first of all to the problem of the disequilibrium of balance of payments, and particularly of dollar shortage, now prevailing in most of the countries. It is a problem which involves the danger of increasing the obstacles to world trade. This danger, in the opinion of the Japanese Government, should be avoided by measures that would not be prejudicial to the objectives of the GATT. It is generally recognized that the balance-of-payments difficulties in many countries are due mainly to the excessive imports of raw materials as well as capital goods caused by domestic overinvestment and overconsumption. Accordingly, in order to surmount the difficulties, these countries should direct their domestic
monetary and fiscal policy to curtail the excessive internal demand, instead of resorting to a tariff increase or intensification of quantitative restrictions. It is in this belief that the Japanese Government is pursuing a policy of controlling excessive expansion of economic activities by tightening credit and curtailing government expenditures in order to cope with the payment difficulties which Japan has been confronted with since the beginning of this year.

However, if a solution is sought by debtor countries exclusively in terms of tight-money policy, their trade will tend to be balanced on a reduced scale, and it will ultimately incur the shrinking of world trade. It is therefore necessary that the countries which hold ample reserves of gold and foreign exchange should make efforts to increase imports in order to solve this problem while at the same time maintaining the expansion of world trade. It means that creditor countries ought to increase their imports either by liberalizing their trade as much as possible or by reducing tariffs in accordance with the provisions of the GATT. I wish to appeal to the understanding and sympathy of the governments of these countries to remove trade barriers as far as possible by overcoming their internal difficulties including the objections raised by the protectionist quarters.

One of the most important subjects of discussion at this Session is the question of the European Economic Community. We naturally hope that the establishment of the Community will bring prosperity to Europe and thereby contribute to the expansion of world trade. However, in view of the present economic, monetary and trading conditions of its member countries, I cannot but entertain some doubts as to whether there are sufficient assurances that the Community will not become another preferential area, or that it will not cause undue damage to the interests of third countries. The Japanese Government strongly wishes that the Contracting Parties will take necessary measures during this Session to ensure that the Community will fully conform to the letter and spirit of the GATT and that it will not impair the interests of the Contracting Parties outside the Community.

As we are all aware, reduction of trade barriers and abolition of discriminatory treatment are prerequisites to the prosperity of world economy. Under the present circumstances where most countries are more or less obliged to restrict imports, it is most important that the principle of non-discriminatory treatment should be reaffirmed. The Japanese Government deeply regrets that at the time of its accession to the General Agreement as many as fourteen members refused to apply the provisions of non-discriminatory treatment of the GATT to their trade with Japan. I would like to point out in this connection that the measures taken by the Brazilian Government last August to withdraw the invocation of Article 35 against Japan have been most appreciated by the Japanese Government. The basic trade policy of my Government is to contribute to the sound development of international trade in accordance with the provisions of the GATT. And as one of the means to achieve this objective my Government is constantly paying greater
attention today than in the past to see that the Japanese export trade is conducted in an orderly manner. In view of this fact and considering that it is of concern to the Contracting Parties as a whole that more than ten of their members are still invoking Article 35 against one member country, I do hope this anomalous situation will be brought to an end as soon as possible.

Now, I should like to express my opinion concerning the future of the GATT. As the General Agreement is a basic instrument for the promotion of international trade, the more countries it includes, the more effective it will be in achieving its high ideals. In this sense, the number of the contracting parties, thirty-seven at present, seems considerably small in comparison with the International Monetary Fund which has sixty-four members. Is it not high time that the Contracting Parties study the possibility of putting this Agreement on a broader foundation? In this connection, I earnestly hope that the Agreement on the Organization for Trade Cooperation will come into effect, which is to place the General Agreement on a firmer basis. Needless to say, the efficient functioning of the GATT also requires close cooperation with all other international organizations, in particular with the International Monetary Fund.

Mr. Chairman, I should like to emphasize once again the points I have just mentioned before concluding my talk. That is if the number of the contracting parties is increased, if the Agreement on the Organization for Trade Cooperation comes into effect and if that Organization undertakes the administration of the GATT in close cooperation with other international organizations concerned, the attainment of the aims of the General Agreement will be greatly facilitated. I wish to assure to the Contracting Parties that the Japanese Government will do its utmost to contribute towards the attainment of these aims by the GATT as it grows to be an all embracing international organization.